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Goldman study emphasizes the power of a retirement plan
By Rob Burgess
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Many retirement savers will face a lifetime of competing priorities to reach retirement, but having a professional plan can be key to success.

That was among the main findings of the Goldman Sachs 2024 Retirement Survey & Insights Report, which was released Thursday.

"If you have a plan, you're much more likely to meet your goals," said Greg Wilson, head of retirement in the Client Solutions Group within Asset & Wealth Management at Goldman Sachs, during a webinar on the report. "Part of the challenge is that most people have no idea how much they can save. They don't know how much they're spending or where they're spending it."

Of the 4,874 total respondents, 3,280 were working individuals and 1,594 were retired. Of the retired group, 1% were 45 to 54 years old, 20% were 55 to 64 years old and the remaining 79% were 65 years or older.

Despite the increased utilization of defined contribution plans, the bottom 80% of savers have seen more limited growth in their retirement savings relative to the top 20% of savers.

Intentional retirement planning may play a crucial role in helping those savers stay on track toward a secure retirement. However, competing priorities may affect their ability to save for retirement, the study found. Among these outside concerns, 67% of respondents cited too many financial expenses, 61% pointed to financial hardships such as home repairs and 57% said they were caring for and financially supporting family members.

As a result, nearly two-thirds, 61%, expected to delay their retirement by some amount of time.

This financial insecurity has a major impact on how these individuals juggle priorities. For example, a similar amount, 62%, reported having less than three months of emergency savings, and 60% said financial hardships were impeding their ability to save for retirement.Retirees who did have a financial plan were far more likely to have more saved for retirement in a shorter amount of time. For retirees with less than $100,000 in retirement savings, only 16% percent had a plan, while 59% did not have a plan. Compare that to retirees with over

$500,000 in retirement savings, of which 55% hade a plan and 21% did not.

"Those with a plan felt considerably better in terms of having more confidence in their ability to reach their goal," said Christopher Ceder, senior retirement strategist in the Asset Management Division at Goldman Sachs, during the webinar. "They're more comfortable managing their savings. … Those with the plan are increasing their savings more often than those without."

The same disparity was apparent as 80% of respondents who had a plan reported that their retirement savings were track or ahead of schedule, while just 39% of those without a plan said the same.

Those with a plan were much more confident that they would reach their retirement goals than those without one. Over two-thirds, 36%, of those with a plan felt very confident, while only 10% of those without a plan felt the same way. Similarly, 74% of those with a plan felt satisfied with their level of retirement income, while less than half, 43%, of those with a plan felt similarly.

"For those people who have sizable assets, the markets are at an all-time high," said Ceder. "They feel pretty positive around their savings. They're feeling fairly good that things are moving in the right direction. The challenge is that there's a whole host of people who struggle to save, and they struggle to get to those levels of assets where they actually can reap the benefits of the rewards that the market can provide."

In addition to staying invested and focusing on bonds, especially core fixed income, Gregory Calnon, global co-head of public investing within Goldman Sachs Asset Management, said durin the webinar being active was imperative for retirement savers.

"I know that there's a big push to be passive in many of your investment strategies, but given the amount of dispersion, given the amount of uncertainty that we'll see, and given how quickly markets are adjusting to new information, it's very important to have a professional asset manager that will be managing that new information for you within your portfolio," he said.